

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1400 - HB 1401

April 26, 2021

SUMMARY OF ORIGINAL BILL: Authorizes mileage expense reimbursement for members of the General Assembly that use a personally owned vehicle other than an automobile for transportation. Establishes that the reimbursement will not exceed the amount that would have been reimbursed had the member traveled by automobile.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (007732): Deletes and rewrites all language after the enacting clause such that the substantive changes are adding language that: 1) Effective November 8, 2022, establishes that members will be reimbursed for lodging expenses in an amount equal to the higher of: the annual average hotel rate for the Central Business District, if obtainable, as provided by the Nashville Convention and Visitors Corporation, or the allowance granted federal employees for lodging in the Nashville area; 2) Authorizes members whose principal residence is 50 miles or less from the Capitol to be paid a mileage allowance for legislative meetings or functions on Fridays; 3) Increases, from \$1,000 to \$1,250, the monthly expense allowance for each member of the General Assembly for expenses for the member's home office; 4) Increases, on the date of the statewide general election in 2024 and every 2 years thereafter, the monthly expense allowance by the percentage increase in the consumer price index for urban consumers; and 5) Deletes the prohibition that each member of the House of Representatives is limited to one round trip each week from the Representative's home to Nashville outside of session to attend meetings.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures –

Exceeds \$282,300/FY22-23

Exceeds \$438,400/FY23-24 and Subsequent Years

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 3-1-106(c), each member of the General Assembly traveling by the member's personally provided vehicle will be reimbursed at the fixed mileage rate.

- The proposed legislation authorizes a member to receive travel reimbursement for a personally owned vehicle other than an automobile; however, the amount reimbursed cannot exceed the amount that would have been reimbursed if the member had traveled by automobile.
- The proposed legislation expands the authorization of personally owned vehicles used for travel, but does not alter any fixed reimbursement rate or policies pertaining to mileage.
- Pursuant to Tenn. Code Ann. § 3-1-106(b), a member of the General Assembly will be paid an expense allowance equal to the allowance granted federal employees for expenditure reimbursement for the Nashville area for each legislative day.
- The proposed legislation requires the lodging rate of the expense allowance to be calculated based on the higher rate of the annual average hotel rate for the previous calendar year in the Nashville central business district, as provided by the Nashville Convention and Visitors Corporation or their successor organization, or the allowance granted federal employees for lodging in the Nashville area.
- Based on the Fiscal Review Committee Staff conversations with the Nashville Convention and Visitors Corporation, due to uncertainty of data and the rate impact of the current pandemic, the average rate under the provisions of the proposed legislation is not obtainable at this time.
- According to a survey conducted of hotel rooms in cities with populations of greater than 500,000 released in October 2019, the average hotel rate in Nashville was \$223 per night. The same survey, released in October 2020, found an average rate of \$88 per night.
- The current federal reimbursement for lodging in Nashville is \$234 per night.
- The current federal rate of lodging reimbursement is assumed to be higher than the annual average hotel rate for the previous calendar year as of the effective date of this act; however, as the rate from the Nashville Convention and Visitors Corporation is unavailable, the impact of an increase in reimbursement for members of the General Assembly by November 8, 2022 cannot be estimated with any reasonable certainty at this time.
- Pursuant to Tenn. Code Ann. § 3-1-106(c), a member whose principal residence is 50 miles or less from the Capitol is currently paid a mileage allowance for legislative meetings or functions on a Monday, Tuesday, Wednesday, or Thursday.
- According to Legislative Administration, members whose principal residence is 50 miles or less from the Capitol made 28 trips for legislative meetings or functions on a Friday in 2020.
- The number of trips made by these members for legislative functions or meetings on Fridays is estimated to remain consistent.
- The average roundtrip mileage allowance for a member living 50 miles or less from the Capitol is \$19.95.
- An increase in state expenditures of \$559 (28 x \$19.95).
- Due to an effective date of November 8, 2022, an increase in state expenditures estimated to be \$375 (\$559 x 67.0%) in FY22-23.
- A recurring increase in state expenditures, beginning in FY23-24, of \$559.

- Pursuant to Tenn. Code Ann. § 3-1-106(f)(1), each member of the General Assembly is paid a monthly allowance of \$1,000 for expenses incurred for duties away from the seat of government.
- The proposed legislation increases the monthly allowance from \$1,000 a month to \$1,250 on November 8, 2022.
- An increase in state expenditures estimated to be \$264,000 $[(\$1,250 - \$1,000) \times 132 \text{ members} \times 8 \text{ months}]$ in FY22-23 and an increase in state expenditures of \$396,000 $[(\$1,250 - \$1,000) \times 132 \text{ members} \times 12 \text{ months}]$.
- The proposed legislation establishes that on the date of the statewide general election in 2024 and every two years thereafter, the monthly expense allowance will be adjusted to reflect the percentage increase in the average consumer price index for urban consumers for the preceding two-year period. Each adjustment is required to be rounded up to the nearest \$100 multiple.
- Future increases in the average consumer price index cannot be determined; it is reasonably assumed there will be an increase in state expenditures exceeding \$396,000 in FY24-25 and subsequent years.
- Pursuant to Tenn. Code Ann. § 3-1-106(g), each member of the House of Representatives is limited to one round trip each week from the Representative's home to Nashville to attend meetings when the General Assembly is not in session.
- The proposed legislation deletes the provision creating a weekly one-trip limit.
- According to the Office of Legislative Administration, 74 members of the House of Representatives live more than 50 miles from the capital and receive an average round-trip mileage reimbursement of \$161.49.
- It is assumed that half, or 37 $(74 / 2)$, of the members that live greater than 50 miles from the capital will make at least one additional trip per month outside of session.
- An increase in state expenditures exceeding \$41,826 $(37 \text{ members} \times 1 \text{ meeting} \times 3 \text{ months} \times \$161.49 \text{ reimbursement})$.
- Due to an effective date of November 8, 2022, an increase in state expenditures estimated to exceed \$17,925 $(37 \text{ members} \times 1 \text{ meeting} \times 3 \text{ months} \times \$161.49 \text{ reimbursement})$ in FY22-23. An increase in state expenditures of \$41,826 in FY23-24 and subsequent years.
- A total increase in state expenditures in FY22-23 exceeding \$282,300 $(\$375 + \$264,000 + \$17,925)$.
- A total increase in state expenditures in FY23-24 and subsequent years exceeding \$438,385 $(\$559 + \$396,000 + \$41,826)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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